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SUBJECT: QATAR SEES OPPORTUNITY IN DUBAI DEBT FALLOUT

KEY POINTS

-- The extended Eid al-Adha holiday has muted reactions among contacts regarding the fallout over Dubai's credit crunch.
-- Qatari local newspapers provided straight wire service reporting, with only a few local comments, focused primarily on claims that Qatari exposure in Dubai is low, and that the crisis provides an opportunity for Qatar to showcase itself as a haven for investment.

COMMENTS

-- (SBU) It is not yet known the extent to which Qatari institutions and individuals are hurt by the bad economic news from Dubai, but we do know that many Qataris are invested there and have counted on Abu Dhabi's wealth as an insurance policy for investments in Dubai.

-- (SBU) Embassy contacts have long expressed confidence that Qatar's vast natural gas resources insulate it from the misfortunes in Dubai and elsewhere. They note that Qatar's Amir has the means to make good on Qatari debts in the worst-case scenario.

-- (SBU) Doha has often fancied itself the "anti-Dubai." This latest development provides another example to illustrate the two cities' different approaches to development, and it remains to be seen if the latest round of problems in Dubai will benefit Qatar as an investment alternative.

Arabic Reporting

1. (U) Arabic-language print media reporting was largely drawn from wire services. Local content focused on Qatar's lack of exposure in Dubai and the opportunity that Dubai's woes provide to showcase Qatar as an investment destination. The following are representative quotes:

-- Al Sharq daily quoted Dubai ruler Mohammed Al Maktoum as saying that, the global reaction had shown "a lack of understanding, but we are strong and persistent." Financial analyst Abdullah al-Khater was quoted as saying that the sharp drops in the Qatar Stock Exchange were "due to the psychological impact" of Dubai's credit problems.

-- Al Raya daily quoted Qatar Chamber of Commerce and Industry deputy chairman Abdul Aziz Al Emadi as saying that Qatar's government is always on the alert and well prepared to deal with such risks. Qatar's investments in Dubai are "not very high," he said.

-- Al Watan daily quoted the deputy chairman of Qatar Islamic Bank, Mohammed Al Mana', expressing confidence in Dubai's ability to overcome the crisis, adding that its impact on the Qatari economy will be "very limited and temporary."

-- Al Arab daily quoted a foreign economist as saying that the debt crisis would have an impact on the entire region, which would not recover investor confidence prior to the first quarter of 2010. The economist added that the crisis would provide opportunities for the emergence of new players in the Gulf, like Qatar and Saudi Arabia. Al Arab also quoted the director general of Bait Al Istithmar ("Investment House"), Ahmed Muses, who said that the crisis would open new investment opportunities to Qatar.

-- Al Sharq daily quoted Dr. Mohamed Khalil Najdawi, Dean of the Faculty of Business and Economics at Qatar University, as saying that Dubai's debt crisis would have repercussions for some countries, but

not all the Gulf states. Najdawi said that despite the financial crisis, Dubai has entered into new projects...for Dubai this is to convince investors that it is not affected by the crisis or to show that Dubai is combating the crisis by establishing new projects.

English Reporting

12. (U) Qatari English-language reporting also drew from wire services, with local content emphasizing Qatar's exposure more than in the Arabic press. Representative quotes include:

-- The Peninsula daily: "Despite reports in the media suggesting that Qatar might not be substantially affected by the unfolding crisis in Dubai, some Qatari banks and corporate entities do have exposure to Dubai, in particular, and the UAE as a whole. The country's largest lender, Qatar National Bank acquired a 23.8 percent stake in UAE-based Commercial Bank International."

The Peninsula also quoted financial analyst Taha Abdul Ghani as saying that the main worry for Qatar would be if foreign portfolio funds exit from the local stock exchange in the wake of the Dubai crisis.

-- Gulf Times daily noted that Qatari stocks tumbled 8.27 percent "amid worries the country could be exposed to the Dubai debt crisis, [and]...all four sectors in the Qatari index, led by banks, dropped sharply with many listed firms falling close to the maximum allotted 10 percent."

The paper continued, "the strong reaction by Qatari stocks is obviously linked to the 'believed exposure' of local companies to the UAE economy in general and that of Dubai in particular." It quoted financial analyst Abdullah al-Khater as saying the impact was "minimal," and "more related to the psychological impact."

NANTONGO